

14X - TOBACCO SETTLEMENT FUND

Operational Summary

Agency Description:

To budget for Board approved uses of the County's share of the national tobacco settlement received before July 1, 2001.

In 1998 forty-six States including California, three territories and the District of Columbia concluded an agreement with the major tobacco companies in settlement of outstanding litigation. As part of the settlement, the tobacco companies are required to make payments to the States. California's share, after adjustments for certain specific litigants, is split 50-50 with the counties. Orange County's share is estimated to be \$30 - \$38 million per year in perpetuity. On November 7, 2000, the voters of Orange County overwhelmingly approved Measure "H". Measure "H" approved an ordinance that restricts the use of Tobacco Settlement Revenue (TSR) received after July 1, 2001. (see Fund 13N)

The FY 2002-2003 budget for this fund reflects the carryover of unspent funds allocated by Board action on December 5, 2000. The Board allocated FY 2000-2001 TSR, \$28.4 million, as follows: 50% for health care initiatives including \$1.2 million for an ocean water quality monitoring lab and the remaining 50% allocated as follows: \$5.4 million for the Phase III Theo Lacy Branch Jail expansion, \$1.3 million to reimburse the County General Fund for a 60 bed secured substance abuse rehabilitation pilot program at the Theo Lacy Branch Jail and \$7.5 million for debt reduction.

Still unspent is the allocation of \$1.2 million for a Water Quality Lab and approximately \$1.0 million in Health Care Agency items.

When the carryover from FY 2001-2002, about \$2.2 million is expended, this fund will be closed out.

At a Glance:

Total FY 2001-2002 Projected Expend + Encumb:	8,757,484
Total Recommended FY 2002-2003 Budget:	2,172,000
Percent of County General Fund:	N/A
Total Employees:	0.00

Strategic Goals:

- To use Tobacco Settlement Revenue (TSR) received in FY 2000-2001 to fund program allocations (the "50-50" plan) made by the Board of Supervisors on December 5, 2000. The health care priorities that are funded from the FY 2000-2001 TSR were specifically selected by the Health Care Agency, with community input, to assure continuity with programs authorized under local initiative Measure "H" which went into effect on July 1, 2001. See Fund 13N.

Fiscal Year FY 2001-2002 Key Project Accomplishments:

- Funded approved Health Care Agency programs.

Budget Summary

Plan for Support of the County's Strategic Priorities:

Use the remainder of the Tobacco Settlement Revenue received during FY 2000-2001 for health priorities as well as debt reduction as identified by the Board of Supervisors on December 5, 2000.

Proposed Budget and History:

Sources and Uses	FY 2000-2001 Actual	FY 2001-2002 Final Budget	FY 2001-2002 Projected ⁽¹⁾	FY 2002-2003 Recommended	Change from FY 2001-2002 Projected	
					Amount	Percent
Total Revenues	28,323,172	149,000	301,752	61,484	(240,268)	0.01
Total Requirements	17,866,792	5,562,000	8,757,484	2,172,000	(6,585,484)	-75.20
FBA	109,868	5,413,000	10,566,248	2,110,516	(8,455,732)	-80.03

(1) Requirements include prior year encumbrances and expenditures. Therefore, the above totals may not match FY 2001-2002 projected requirements included in "At a Glance" (Which exclude these).

Detailed budget by expense category and by activity is presented for agency: Tobacco Settlement Fund in the Appendix on page 666.